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**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,  
  
as representative of  
THE COMMONWEALTH OF PUERTO RICO, *et al.*,  
  
Debtors.<sup>1</sup>

PROMESA  
Title III

No. 17 BK 3283-LTS  
(Jointly Administered)

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

Plaintiff,

v.

HON. PEDRO PIERLUISI URRUTIA, in his official capacity as Governor of Puerto Rico; THE PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY; LUIS M. COLLAZO RODRÍGUEZ, in his official capacities as Administrator of the Retirement System for Employees of the Government of Puerto Rico and Executive Director of the Government of Puerto Rico Retirement Board; and JUAN C. BLANCO URRUTIA, in his official capacity as Director of the Office of Management and Budget,

Adv. Proc. No. 21-00119 in 17 BK 3283-LTS

Defendants.

**STIPULATION AND ORDER RESOLVING OVERSIGHT BOARD COMPLAINT  
DATED DECEMBER 20, 2021 CONCERNING ACTS 80-2020, 81-2020, AND 82-2020  
AND JOINT RESOLUTION 33-2021**

<sup>1</sup> The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK- 3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523 (LTS)) (Last Four Digits of Federal Tax ID: 3801). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

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The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the sole Title III representative for the Commonwealth of Puerto Rico pursuant to Section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), the Honorable Pedro Pierluisi Urrutia, the Governor of the Commonwealth of Puerto Rico (the “Governor”), the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), and the Office of Management and Budget (“OMB”) hereby stipulate and agree as follows:

WHEREAS, on August 3, 2020, then-Governor Vázquez Garced signed into law Act 80-2020 (“Act 80”), Act 81-2020 (“Act 81”) and Act 82-2020 (“Act 82”);

WHEREAS, on November 20, 2020, AAFAF and then-Governor Vázquez Garced agreed not to implement Act 80, Act 81, and Act 82 without the Oversight Board’s consent;

WHEREAS, on January 15, 2021, AAFAF and Governor Pierluisi Urrutia confirmed the agreement not to implement Act 80, Act 81, and Act 82 without the Oversight Board’s consent;

WHEREAS, on November 11, 2021, the Legislature of Puerto Rico passed Senate Joint Resolution 171, requiring the partial implementation of Act 80-2020;

WHEREAS, on December 16, 2021, the Governor signed Senate Joint Resolution 171 into law, which then became known as Joint Resolution 33 (“JR 33”), requiring the partial implementation of Act 80-2020 within thirty (30) business days;

WHEREAS, prior to the enactment of each of Acts 80, 81, and 82 and JR 33, the Oversight Board advised the Governor and AAFAF of the reasons why the laws should not be enacted and the Governor and AAFAF disagreed;

WHEREAS, on December 20, 2021, the Oversight Board commenced this adversary proceeding by filing a complaint against the Governor, AAFAF, OMB, the Director of OMB, and

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the Director of ERS and the Puerto Rico Retirement Board, seeking the nullification of Act 80, Act 81, Act 82; and JR 33;

WHEREAS, on December 24, 2021, the Oversight Board filed an informative motion with the Title III Court notifying the Court that it was in discussions with the Governor and AAFAF to resolve the adversary proceeding and that, if those discussions failed, it would seek urgent injunctive relief to enjoin implementation of Act 80 during the week of December 27;

WHEREAS, the parties hereto, in an effort to avoid the costs and expense of further litigation and to promote the prompt confirmation and consummation of the pending Title III plan of adjustment for the Commonwealth and certain related entities, have agreed to resolve this adversary proceeding as provided below.

1. **Act 81** - The parties shall endeavor to reach an agreement, within 60 days of the date of this agreement on a means to provide enhanced retirement benefits to police officers consistent with the Commonwealth's certified fiscal plan and currently proposed plan of adjustment. If the parties reach an agreement, the Oversight Board shall provide the necessary fiscal plan and budgetary approvals or certifications required by PROMESA.
2. **Act 82** - The parties shall endeavor to reach an agreement, within 120 days of the date of this agreement on possible alternatives, consistent with the certified fiscal plan and proposed plan of adjustment, to provide an enhanced compensation package for teachers with the goal of improving public education.
3. **Act 80 and JR 33** - The parties shall endeavor to reach an agreement on a means of implementing the incentivized early retirement provisions set forth in Act 80 for certain employees where doing so would create savings above and beyond the level of savings

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required in the currently certified fiscal plan (the “Baseline Savings”) or otherwise satisfy some other metric the parties agree on, as follows:

- a. On a per agency level, the Government shall provide both the descriptions of the position proposed to be eliminated (the “Proposed Eliminated Positions”) and the projected net savings that will result from the elimination of said position while taking into consideration the incremental cost of providing the incentivized early retirement benefit (the “Savings”);
- b. If the parties mutually agree on (i) the Proposed Eliminated Positions, (ii) the Savings, and (iii) that the Savings are above and beyond the Baseline Savings, or otherwise satisfy some other metric the parties may agree on, then the parties shall use their respective best efforts to concur on a means of implementation within 45 days after the date of this agreement, including necessary fiscal plan and budgetary funding in compliance with PROMESA; and
- c. The Eliminated Positions shall be eliminated within the Governmental system, and the eliminated positions, including any functionally similar positions, shall not be restored, recreated, or created within the affected agencies and corporations.

4. The Court’s approval or ‘SO ORDERING’ of this agreement shall invalidate JR 33 and Acts 80, 81, and 82 pursuant to PROMESA, including as significantly inconsistent with the certified fiscal plan, as of the enactment date for each of JR 33 and Acts 80, 81, and 82, except as provided for in paragraph 3 of this agreement. Upon Title III Court approval or ‘SO ORDERING’ of this agreement, the Oversight Board’s complaint shall be dismissed with prejudice.

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5. No party hereto shall take any acts inconsistent with this agreement.
6. This is the entire agreement among the parties in respect of its subject matter and all oral statements and acts are merged herein.
7. This agreement may only be amended by a writing signed by the party to be charged and approved by the Title III Court.
8. No party releases any claims except as expressly set forth herein.
9. The Title III Court shall retain subject matter jurisdiction to enforce this agreement.

*[Remainder of Page Intentionally Left Blank]*

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December 27, 2021  
San Juan, Puerto Rico

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SO ORDERED.

Dated: December 28, 2021

/s/ Laura Taylor Swain  
LAURA TAYLOR SWAIN  
United States District Judge